4. Strategy and investments of Feralpi Group

4.1 STRATEGIC GUIDELINES

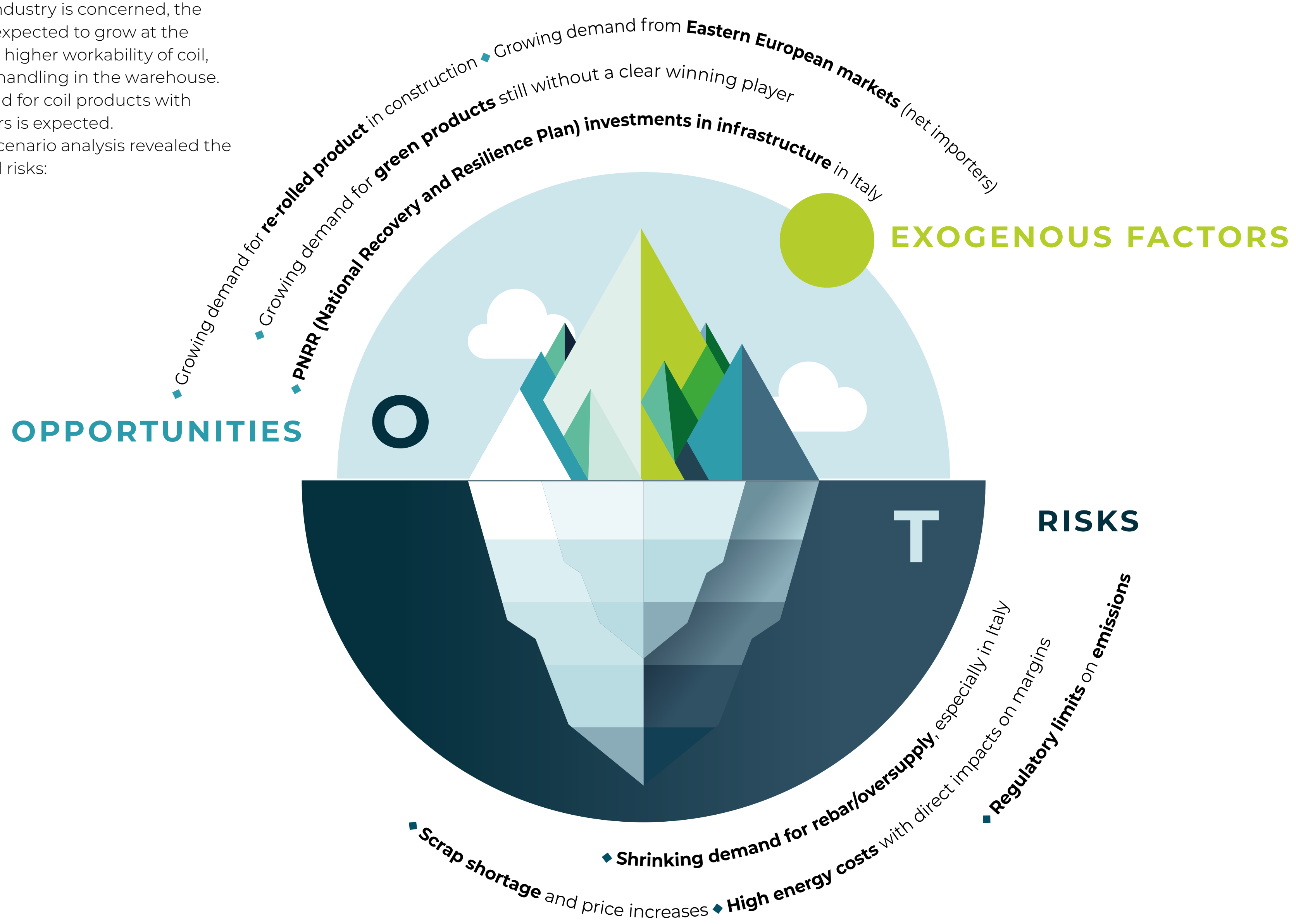
European economies continue to be substantially impacted by the following macroeconomic trends: high energy costs; the necessity to revise the regulatory push towards sustainability and the environment, starting with the reduction of emissions, recently revised; uncertainties determined by geopolitical and macroeconomic events.

These trends also have significant implications for the electric steel industry in the following respects: scrap shortage, energy crisis, emission constraints. In particular, significant pressure is expected on scrap prices due to limited availability, which will increasingly impact the Italian and German markets, characterised by a significant (in Italy) or growing (in Germany) share of electric arc furnace (EAF) production. Despite various measures by local governments to reduce the burden on businesses, the high cost of electricity and gas is impacting and will continue to impact the energy-intensive electro-steel industry, causing a competitive disadvantage with respect to the full steel industry (which uses hard coal).

Finally, the feared phasing out of the free allocation of CO_2 ETS allowances by 2034 could lead to higher operating costs for market participants; conversely, the CBAM (Carbon Border Adjustment Mechanism) regulation, the reduction in the free import quotas for steel in Europe and the increase in duties on excess quotas, if properly implemented, could lead to a competitive gain against imported steel.

During the year 2025, Feralpi continued to implement significant changes to its organisation to adapt to the new trends in the world of work, focusing on a human-centric vision and on enhancing the well-being and satisfaction of human resources through the development of the skills and talents of individuals, investing in knowledge and professionalism also with a view to strengthening the sustainability of the business in the long term. No less important was the centrality of the DEI (Diversity, Equity and Inclusion) path so that each Group company could offer a safe, secure and inclusive working environment for all, where everyone can feel free to give the best of themselves in full respect of their identity and, more generally, of all human rights. This vision is encapsulated in the DEI policy, which Feralpi structures into four pillars: global culture, inclusive leadership, gender balance and collective responsibility.

As far as the construction industry is concerned, the market for coil products is expected to grow at the expense of rebar due to the higher workability of coil, reduced waste, and better handling in the warehouse. In the other sectors, demand for coil products with increasingly larger diameters is expected.
In summary, the updated scenario analysis revealed the following opportunities and risks:



Feralpi Group is among the leading players in the major construction markets (Italy, Germany, France and Switzerland). The growth-oriented and sustainability-conscious Group, Europe's leading long steel producer, has defined five objectives for its Business Plan and to achieve these it has defined a specific mix of strategic initiatives:

GROWING BEYOND THE CURRENT DOMAINS

Gaining **market share** in neighbouring countries for construction steels, and in high-margin applications for special steels

EXPANDING AS A "ONE-STOP SHOP"

Responding to **customer needs** with a flexible and comprehensive product offering: coiled, extended special range

EXCELLING IN EFFICIENCY AND INNOVATION

Further optimising the cost base with improvements in **productivity**, **energy efficiency**, and intra-organisation **synergies**

MAKING THE SUPPLY CHAIN SECURE

Reduce **business risks** by controlling key inputs: scrap, with upstream integration, and electricity, with self-generation

TRANSFORMING SUSTAINABILITY INTO AN ADVANTAGE

Setting **ambitious CO_2 emission reduction targets** that differentiate Feralpi and have an impact on the Planet

The market context also highlights the need to have a solid decarbonisation pathway, which has unique characteristics depending on whether the business is construction or specialities. Until now, customers in the construction sector have shown interest in the specific emission intensity of products by requesting EPD (Environmental Product Declaration) certifications from their suppliers. In the future, operators with the lowest emissions will be at an advantage and, in this context, having a "green" offer will become a "licence to operate". In this context, it is very important to monitor the decisions of regulatory bodies in terms of energy certifications that could favour integrated cycle producers and/or DRI users. Speciality customers have so far shared extremely limited demand for purchasing decarbonised steel; however, it is reasonable to expect an acceleration in demand in the coming years, given the decarbonisation goals of the major downstream sectors (e.g. automotive). In specialities, Feralpi has a significant advantage over competitors that use the full cycle (+50% of the market), and has already developed its EPD portfolio, positioning itself among the medium- to low-emission players. The Group's objective is to leverage its position to become a decarbonisation leader in the special steels sector.

Feralpi Group has identified seven tools to achieve its decarbonisation goals:

THE **SEVEN LEVERS** OF DECARBONISATION

Implementation of **induction or conduction heating** for billet rolling, possible experimentation with electric burners and **resistance** heating.

Replacement of natural gas in (non-electrified) **furnaces** with:

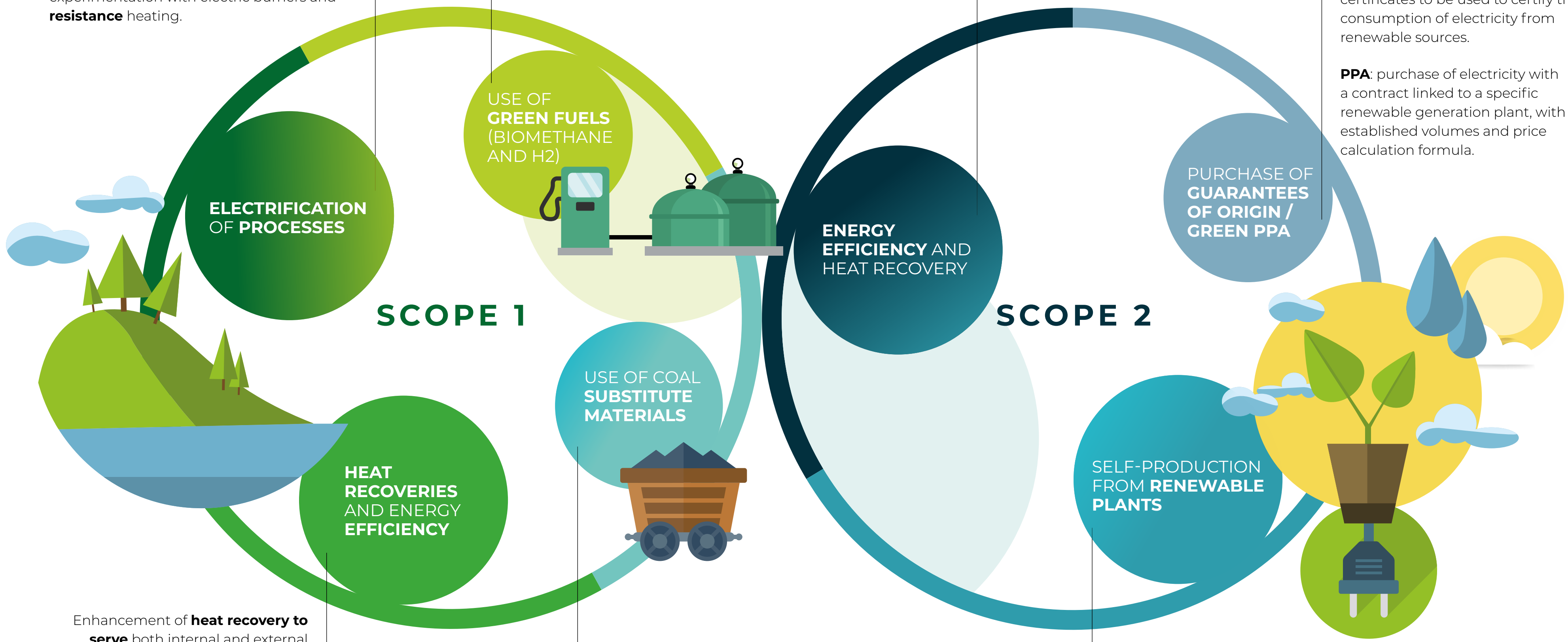
- **Biomethane**: in Italy, consider the interest in the "Green Metals" consortium, while in both Italy and Germany, agreements with local producers are possible.
- **Hydrogen for Riesa**: any future utilisation will depend on the planned infrastructure developments of the hydrogen pipeline network and the possible supply methods.

Energy efficiency with a view to operational excellence, combining the multiple effects of individual initiatives (e.g., IE5 motors, auxiliary optimisation, Power Quality systems).

Possible **heat recovery** for internal electricity generation via **ORC**.

Guarantees of Origin: purchase of certificates to be used to certify the consumption of electricity from renewable sources.

PPA: purchase of electricity with a contract linked to a specific renewable generation plant, with established volumes and price calculation formula.



Enhancement of **heat recovery to serve** both internal and external **district heating.**

Energy efficiency with a view to operational excellence, combining the multiple effects of individual initiatives (e.g., regenerative burners, heat recuperators).

Use of **raw materials** with a higher **biogenic carbon** content, continuing the implementation process already started in previous years. The search for **alternative materials to fossil carbon** continues.

Implementation of investments for **renewable electricity generation** in **Italy** and **Germany**, especially with **solar** technology, subject to implementation capacity.

From an ESG perspective, the Group is committed to:

- **Contribute to change in the steel sector**, by leveraging decarbonisation and digitalisation to strengthen its competitive advantage and reduce its environmental impact.
- **Ensure business continuity**, by enhancing the ability to manage crises and increasing agility in organisational processes through structured and efficient management systems.
- **Innovate for the future of production**, by investing in state-of-the-art processes and environmentally friendly technologies to ensure inclusive industrial development.
- **Accelerate the ecological transition**, by integrating the challenges of decarbonisation and committing to a path of energy transformation towards low-impact models.
- **Value people and ensure security**, by promoting decent work that respects the uniqueness of each person, in line with the principles of the International Labour Organisation (ILO) on employment, rights, social protection, and social dialogue.

Feralpi Group's sustainability strategy and objectives

The Group's **sustainability strategy**, founded on **seven pillars**, is based on a holistic approach that places it at the centre of business processes and is realised through:

- ethical and responsible culture,
- technological investments and process improvements,
- definition of strategic ESG targets and KPIs,
- transparent dialogue with stakeholders.

By incorporating the UN **Sustainable Development Goals (SDGs)** into its strategy, Feralpi Group aims to outline its ambitions, bolster sustainability efforts, and enhance the comprehension and management of the impacts of its activities. The Group contributes to the achievement of the relevant SDGs through:

- ethical and responsible practices,
- innovation in its products and services,
- job creation,
- support for skills development and training of young people.

The Group aims to increasingly integrate the industrial plan with its sustainability strategy, to gain a better understanding of the socio-economic dynamics in which it operates and, in alignment with the expectations of its stakeholders, to improve its impact on the environment and society.

The ESG Scorecard

To strengthen the integration of sustainability principles into business management, Feralpi Group has adopted an **ESG Scorecard**, a dynamic tool that accurately measures performance and progress towards environmental, social and governance targets. These targets guide the Group's actions and allow constant monitoring of progress, supporting the assessment of ESG performance. The ESG Scorecard is reviewed by the Sustainability Committee to ensure consistency with the evolution of industrial strategies and priorities, thus allowing the integration of new objectives and the adaptation of certain elements in the continuous monitoring phase.

In line with this vision, in 2025 the ESG Scorecard came to contain **fifteen targets**. Compared to the previous year, two targets were added, relating respectively to Feralpi Group's eco-sustainable economic activities and to the coverage of cybersecurity training. In addition, the target related to the time dedicated by the Board of Directors (BoD) to ESG topics was removed from this list and moved to a new section of the Scorecard dedicated to monitoring targets that have been permanently achieved ahead of the target year.

The Group considers transparency an essential value and, through the ESG Scorecard, is committed to communicating the results of the sustainability topics monitoring process in a clear and comprehensive manner.

PILLARS	AMBITIONS			BASELINE		2025	% change	TARGET		SCOPE	SDGs
Environmental (E) — Contributing to reducing consumption and impacts; Multiplying the use of materials	Countering climate change through the decarbonisation of production processes Investing in solutions to improve energy efficiency and develop clean energy Increasing the quantity of waste sent to recovery and reuse processes, substantially reducing the production of waste		Specific CO_2 emissions (Scope 1, 2 and 3 core boundary) [4]	2022	0.540 $tonCO_2eq/tonne$	0.230 $tonCO_2eq/tonne$	-58%	2030	-50%	Consolidated Feralpi Siderurgica [5]	6 Clean water and sanitation; 7 Affordable and clean energy; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
			Absolute CO_2 emissions (Scope 3 non-core boundary)		676,404 $tonCO_2eq$	702,807 $tonCO_2eq$	+3.9%		-25%		
			Renewable energy [6]		0.46%	56%	/		50%		
			Residues in circular processes		88.45%	93.02%	/		96%		
			Specific water consumption		1.38 $m^3/tonne$	1.02 $m^3/tonne$	-36.5%		-50%		
Social (S) — Care, safety and development of individuals; Work culture and education of new generations; Inclusion and local development	**Addressing inequalities,** ensuring equal opportunities and adequate wages, while respecting labour and human rights **Supporting the economic growth** of the national economy **Promoting a safe, secure working environment** for all the group's workers with constant attention to accidents at work	HUMAN RESOURCES	Inclusion of female staff (blue collar) in technical-production areas [7]	2022	0%	8%	/	2027	≥5% / year new entries primary steelmaking	Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico, ESF Elbe-Stahlwerke Feralpi GmbH	5 Gender equality; 8 Decent work and economic growth
			Collective training course on "Listening, Dialogue and Inclusion" topics		0%	62%	/		100% population affected	Consolidated Feralpi Siderurgica [5]	
			% female staff in Feralpi Siderurgica - Corporate Services		49%	52%	/		~50%	Feralpi Siderurgica - Corporate Services	
		SAFETY	Accident Frequency Index	2022	23.7 (average 2019-2022)	19.7	-17%	2030	7 (0-10)	Consolidated Feralpi Siderurgica [5]	3 Good health and well-being; 8 Decent work and economic growth
			% of staff working in ISO 45001 companies		25%	41%	/		100%		
		SUPPLY CHAIN	% of strategic suppliers (raw materials and equipment) involved in ESG mapping aspects	2023	0%	43%	/	2030	75% of the suppliers involved	Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico/Caleotto, FERALPI STAHL, Feralpi-Hungária, Feralpi-Praha	9 Industry, innovation and infrastructure; 12 Responsible consumption and production
Governance (G) — Ethical business management	**Integrating ESG** (Environment, Social, Governance) **aspects** into the Group's business model Defining **unambiguous and measurable improvement paths** at plant level, in line with national and international targets **Guiding change in the steel sector** by encouraging companies in the supply chain to adopt sustainable policies		Sustainable Finance	2022	74.4%	94.5%	/	2030	>80.0%	Consolidated Feralpi Siderurgica	
			% of strategic investments with ESG content		>80.0%	>80.0%	/		>80.0%		
			Sustainable economic activities (%) [8]	2025	0%	/	/	2030	95%	Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico, Caleotto, Presider, ESF Elbe-Stahlwerke Feralpi GmbH	9 Industry, innovation and infrastructure; 12 Responsible consumption and production
			Cybersecurity training coverage - OT divisions (hours provided)		656	/	/		3,800	Feralpi Siderurgica, Acciaierie di Calvisano, Arlenico, Presider, Defim Orsogril, FERALPI STAHL, Saexpa Group	
			% of time the Board devotes to ESG issues (in meetings and induction sessions)/year	2022	24%	35%	/	2030	35%	Feralpi Siderurgica *UNDER MONITORING*	

Industrial commitment

Product and service quality	Improving **product and service quality** by optimising processes through inclusive and sustainable industrialisation Enhancing **technological capabilities** through research and development activities Creating **value for the community** by valuing work, safeguarding the cultural and natural heritage and contributing to sustainable urban development

[4] On the total production of hot rolled products.
[5] Alpifer Group and Feralpi Algérie not included.
[6] Considering both electrical and thermal energy.
[7] Including those administered.
[8] Share of economic activities aligned with the activities eligible under the Taxonomy Regulation.

4.2 STATE OF IMPLEMENTATION OF STRATEGIC INVESTMENTS

In order to execute the Business Plan, investment projects were carried out during the year 2025, some of which are a continuation of initiatives already started in previous years.

Steel for Construction Italy business unit

Feralpi Siderurgica S.p.A.

Steel mill

The installation of an internal vision and logistical support system for scrap handling has been completed. This technology aims, through AI systems, to recognise the types of scrap and to guide employees in the logistical management of the material.

A new digital electrode regulation (TDR) has been installed at the furnace outlet for the liquid steel reheating process.

Rolling mills

The new spooler production line, capable of producing spools weighing up to 8 tonnes, has been brought up to full capacity.

The storage area for the spools produced by the new spooler line at Rolling Mill 2 has been expanded.

The "electro-conduction" reheating system at Rolling Mill 2 has been completed, and the initial testing phases of the system have begun. The new conduction reheating machine aims to reduce methane consumption at the reheating furnace, scale, Scope 1 CO_2 emissions and optimise the mixed charge.

A new vertical warehouse has been installed to serve the new spooler line.

Derivatives Area

The installation of a 10-tonne overhead crane for handling coils for the production of electro-welded mesh has been completed.

The installation of a scale recovery and evacuation system in the drawing department has been completed.

The installation of mesh machine no. 6 (for diameters from 4.5 to 12 mm and mesh size 10x10 to 20x30 cm) has been completed.

A tensile tunnel structure has been installed outside the derivatives hall to cover the area where the rewound product is tied onto the trucks.

Logistics and infrastructure

The construction of a new shed to cover the electroconduction machine was completed.

A new canteen has been built in the administration building.

A part of the "ex-Brasstech" shed has been equipped and used as a general warehouse, and new shelves were installed for material storage.

Presider S.p.A.

In the first months of 2025, the "special project" at the Pomezia site has been completed (construction of a new production warehouse and redefinition of the layout of the production machinery). At the same time, a new pile cage machine was installed.

Also at the Pomezia site, two new machines have been installed (a Coil 20 stapler and a Barwiser), improving the production process and reducing the environmental impact.

At the Misterbianco (CT) site, the necessary activities have been carried out to start production in the external areas (arrangement of the green areas, preparation of welding areas and stations, electrical system). The works were carried out inside the shed, specifically the construction of the runways, the installation of the overhead cranes, the electrical, hydraulic and compressed air systems, and the construction of the rooms and service equipment (stalls for the warehouse, weighing area, offices). This work allowed production to start with the shaping machines as well from September.

Steel for Construction Germany business unit

ESF Elbe-Stahlwerke Feralpi GmbH

Steel mill

In 2025, the investment plan to increase energy and material efficiency and occupational safety continued. Two manipulators were installed at the electric arc furnace (**EAF**), one for the treatment of the slag door and one for sampling and temperature measurement.
This investment is part of the "*no man on the floor*" approach and aims to optimise downtime in the melting process.

The new control room for the ladle furnace (**LF**) has been commissioned. This activity is part of the plan to increase the production capacity of the steel mill.

Preparatory work is underway for the complete renovation of the billet discharge area in the continuous casting plant. The project, which is scheduled to be implemented in 2026/2027, involves the installation of new billet oxyfuel cutting machines and new transport systems, including insulated hoods. The aim of the project is to reduce billet temperature losses and, consequently, save energy during rolling in both rolling mills.

Rolling mill

Preparatory work is underway for the complete renewal of the automation system of Rolling Mill A, with implementation scheduled to begin in December 2027.

The new rolling mill equipped with a K-Spooler system, capable of producing 8-tonne coils, has been put into operation. A connection has been established with the existing continuous casting plant, thanks to which the billets are transferred directly via a 300-metre-long roller track and induction heating, avoiding direct CO_2 emissions.

Logistics and infrastructure

The construction of a new electrical substation has been completed. This will increase the efficiency of the electrical systems and provide the necessary power for the plant, also in light of the increased need resulting from the start of spooler production. Activities to connect all users are currently underway.

A new project relating to the plant's logistics is underway. This project aims to optimise the flow of vehicles entering and leaving the facility, integrating the changes to the plant and layout implemented together with Rolling Mill B (production of spoolers). The project will continue until 2030, with the aim of increasing the use of rail both for the supply of scrap and for the shipment of finished products.
The improved logistics layout will also improve worker safety, thanks to the separation of logistics operations from production. Specific areas will be created in order to reduce the necessary movements within the plant.

Specialities Business Unit

Acciaierie di Calvisano S.p.A.

Two outdoor parks for photovoltaic power generation have been installed to achieve a total capacity of about 4.0 MW.

The installation of a new regenerative heating system was completed to replace the trolley for the fourth hole with the aim of optimising the heating of the ladles by reducing gas consumption compared to the previous system.

The compressed air optimisation project was completed, which saw the replacement of the last compressor with the use of a modulating system, reducing the energy used.

The employee changing room was expanded in order to increase the space available to them and to provide suitable spaces for new employees.

The engineering and installation phases were completed, and the start-up of two new basket wagons for loading scrap was initiated in order to optimise the process of loading scrap into the furnace.

The installation of a new robot for EBT opening was completed. In addition to standardising EBT opening and cleaning activities, this process makes it possible to manage these activities from a remote control panel with respect to the intervention area without human intervention.

Arlenico S.p.A.

In the 2025 financial year, the construction and commissioning of the new coil bar plant was completed.

A new flue gas recovery boiler was installed to enable continuation of the activities related to the district heating site.

KEY

- Industrial commitment
- Environmental commitment
- Social commitment
- Product quality

A new overhead crane was installed for handling billets, increasing operational efficiency and adopting a state-of-the-art lifting system.

A new robot for labelling the rolls was installed in order to ensure maximum traceability of the product destined for end customers.

Diversified Products Business Unit

Saexpa S.A.

The first half of 2025 was focused on the completion of the plants and auxiliary works of the new production site (power distribution, cooling, air conditioning and automation). The works relating to the structural and plant engineering part were completed in July, and the operational transfer is scheduled for September 2026 when the connection to the electricity grid will be activated. To optimise timing, the company has reshaped the business plan by bringing forward to the second half of the year the investments in automation that were initially planned for after the transfer. Technological revamping work was carried out on the existing presses and two new robotic islands were installed for machine servicing. This strategy has made it possible to increase productivity and reduce manual processing, preserving the competitive advantage despite the logistical delay.

Defim Orsogril S.p.A.

The 2025 financial year was marked by the investment in the new EVG welding plant, a technological investment aimed at enhancing grating production and saving energy. The new production line aims at a significant upgrade in grating production technology, raising quality standards and production efficiency. The project also involved all the complementary works necessary for its operation, i.e. structural foundations, electrical systems and the cooling system. In order to optimise the production process, an Alpha robot was also relocated and an accessory butt welding machine was acquired.

Energy Division

Feralpi Group recognises the centrality of the steel core business and the simultaneous strategic importance of investing directly in power generation, which, in combination with the purchase of Guarantees of Origin, helps bolster a mix of actions that are fundamental to achieving the goal of reducing CO_2 emissions (Scope 2).

In the year 2025, Feralpi Power On S.r.l. completed the purchase of the shares of the corporate vehicle that owns the necessary permissions to build a 4.0 MWp photovoltaic power plant located in the municipality of Castenaso (Bologna).

At the start of 2026, Feralpi Power On S.r.l. purchased all the shares of the corporate vehicle that holds the permits to build a photovoltaic plant with a capacity of 4.18 MWp in the municipality of Collesalvetti (Livorno).

Photovoltaic plants located in areas where steel production and processing activities are carried out have been largely completed; the plants that are not yet operational are expected to become operational in the coming months.

In light of the significant regulatory changes concerning support for energy-intensive companies, particularly Energy Release, the fluctuating electricity market prices, the ongoing uncertainties related to the approval times for building renewable energy plants, and the very long and uncertain connection times for the plants once they have been built and are ready to produce, the Group has revised its portfolio of investment initiatives.

KEY

Industrial commitment
Social commitment
Environmental commitment
Product quality